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EUR/NCE, EUR/PPD CHRIS FITZGERALD, R KARYN POSNER-MULLEN

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SUBJECT: SCENESETTER FOR KAREN HUGHES VISIT TO PRAGUE ON  
JUNE 4

¶1. (U) Under Secretary Hughes, we look forward to welcoming you to Prague on June 4. In anticipation of your visit, we offer the following background information on the Czech economy, bilateral relations, Czech democracy promotion, and plans for your stay.

¶2. (U) Seventeen years after the Velvet Revolution, the Czech Republic is today a stable and rapidly developing country. The economy has grown at 6% for the past two years and is fueled by healthy export and foreign investment. Inflation is low and the country intends to adopt the Euro in 2012. The current center-right government has an ambitious agenda to lower taxes and tackle overdue reforms in health care and pensions, although it remains to be seen if they will be able to overcome political opposition to these reforms. Many U.S. companies are active in the country. While most are satisfied with the business climate, the country is hampered by a prevalence of corruption that had lingered since the communist era. Promoting transparency and ethics is a top priority of the U.S. Embassy.

¶3. (U) As you know, the United States and the Czech Republic enjoy excellent relations. All governments since 1989 have placed a high priority on transatlantic relations. The Czech Republic entered NATO in 1999 and joined the European Union in 2004. The military has been reformed and cooperates closely with the United States in Afghanistan, Iraq, the Balkans and elsewhere.

¶4. (SBU) The Czechs place a high priority on spreading the lessons learned from their successful political transformation. They are particularly active in support of democratic reform and human rights in Cuba, Belarus, and Burma (although they prefer not to place the public spotlight on these efforts). Radio Free Europe/Radio Liberty is another example of Czech support for people striving to be free in distant lands.

¶5. (U) There are only two sensitive issues in our bilateral relations. The first is visas. Although Americans can travel freely to this country, Czechs still need visas to travel to the United States. As an American ally in NATO, a strong supporter of the war on terror, and an EU member, the Czechs believe they should be able to travel to the United States on the same terms as Germans, French and other Western European countries in the U.S. visa waiver program. President Bush recognized the aspirations of our Central European allies, and the importance of cementing closer ties with the Czech Republic and its neighbors, when he announced in Tallinn in November 2006 that he would seek legislation to revise the terms of the visa waiver program. The proposed terms would place greater emphasis on security cooperation, which would accelerate entry into the program for countries like the Czech Republic. The Czechs follow closely any proposed U.S. legislation dealing with the immigration issue.

¶16. (U) The second sensitive issue is missile defense. In January, after several years of quiet talks, we asked the Czech Republic to host a radar station as part of the U.S. missile defense network. This facility, together with a small number of interceptor missiles to be based in Poland, would protect the eastern United States as well as U.S. allies and troops in Europe against ballistic missiles launched from the Middle East. While the current government supports the proposal, the issue is controversial. About 70% of Czechs say they oppose the radar. With memories of the Soviet invasion of 1968 still fresh in many minds -- the last Russian troops did not leave the country until 1992 -- many Czechs are instinctively wary of the idea of foreign troops on their soil. Many also believe the country should only take on military obligations through NATO, not on a bilateral basis. Negotiations have begun and are likely to last through the end of the year. The deal will need to be approved by Parliament. As with the visa issue, the Czechs are following closely any proposed U.S. legislation dealing with funding for missile defense.

¶17. (U) While in Prague, you will help the Central and Eastern European Law Initiative (CEELI) celebrate the inauguration of its new building. You will also explore issues of common concern over lunch with leading Czech women. These meetings will allow you to gain a better understanding of how ordinary Czechs view the future of their country, and the United States.

¶18. (U) We hope a highlight of your trip will be a day trip to nearby Pilsen, where you will meet with some of the Embassy's Junior Ambassadors (top high school students who have visited the U.S. Embassy as part of a new Embassy youth outreach program) at Pilsen's American Corner. You will also have

lunch with a few regional leaders at Pilsen's pride and joy, its brewery.

¶19. (U) We look forward to welcoming you again to Prague.  
GRABER